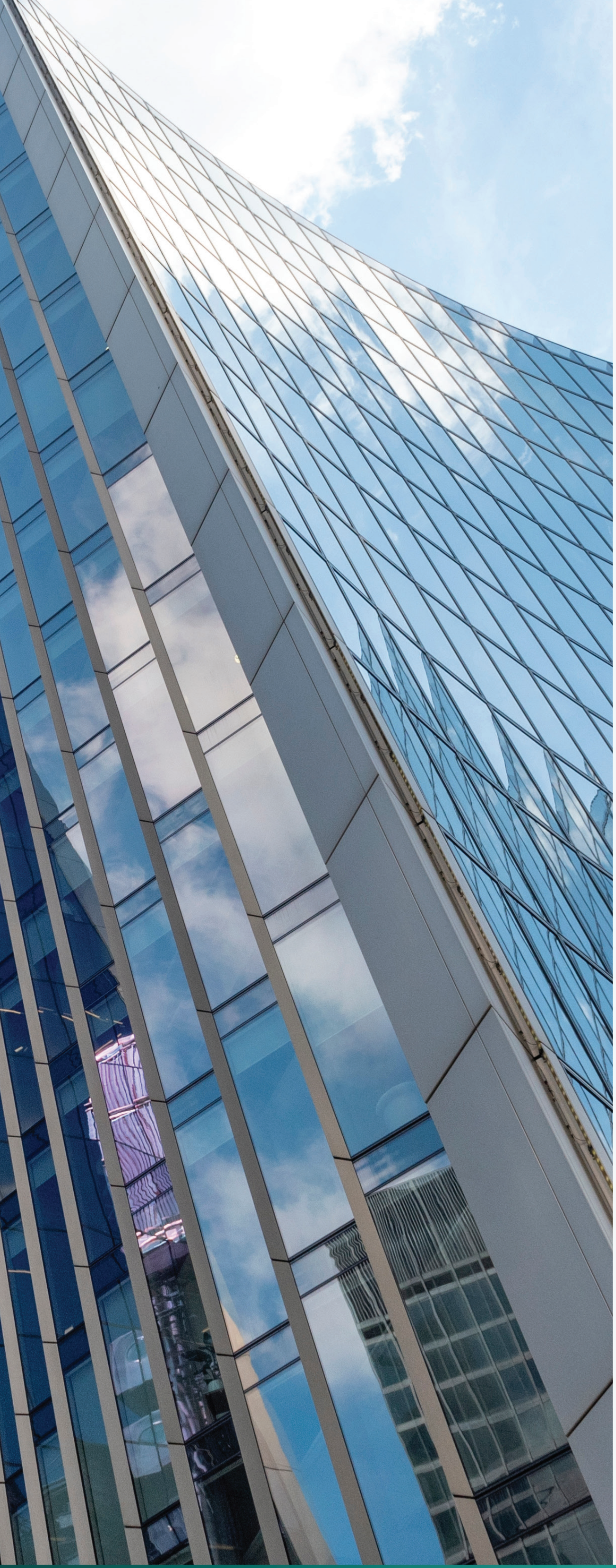

PRIVATE CAPITAL | 2Q 2025

Private Credit Quarterly Review and Outlook

Introduction

Private Credit markets delivered robust performance through the first half of 2025, driven by exceptional investor demand and record-breaking transaction volumes. Despite elevated interest rate volatility and shifting macroeconomic conditions, market participants demonstrated resilience with more than $50 billion of corporate transactions recorded year-to-date.

The infrastructure debt sector experienced a temporary softening in 1H 2025, declining approximately 19% by volume versus the prior year period, primarily attributed to political uncertainty and trade policy concerns. However, strong underlying fundamentals across corporate private placements and asset-based finance sectors continue to support healthy market dynamics. MIM maintained its disciplined investment approach, capitalizing on attractive spread environments while selectively pursuing high-quality opportunities that align with our long-term portfolio objectives.

The Asset-Based Finance (ABF) market continues to post record origination amounts. During Q2, U.S. tariff announcements caused a brief pause in private ABF market activity. The new issue pipeline temporarily slowed down, and spreads moved wider by 25-30bps. As the outlook on tariff impacts gradually turned more favorable in the following weeks, the ABF market quickly resumed issuance activity with pricing fully retracing back to pre-tariff levels. Unless there is another exogenous event that shocks the market, we expect to see a near-term bias of spreads flat to tighter.

Corporate Private Placements

Market Activity

- More than $50 billion of transactions have been recorded year-to-date.
- Investor demand has been exceptionally high, with many deals oversubscribed.
- Approximately 60% of market issuance was in tenors 10 years and shorter due to a number of issuers preferring to avoid locking in higher yields for longer duration.

1H Investment Activity

- MIM closed 71 transactions totaling $2.8 billion at an average spread of +172 bps over UST, demonstrating strong execution capabilities in a competitive marketplace.
- Transaction characteristics reflected a weighted average life of 9 years with a 6.04% coupon and average credit rating of MA3.
- Activity was well diversified by sector with financials being the largest contributor.
- Premiums over public bonds remain historically high in the +70 to +80 bps range.

Market Outlook

- Issuance expected to remain above historical averages, with strong demand from investors seeking yield and stable credit
- Demand is strong, as investors seek to lock in higher yields before rates decline. This could lead to spread tightening and more competitive pricing for issuers.
- Longer duration, higher quality, agented transactions are being oversubscribed in 6-8x range, leading to price compression.
- MIM’s diversified sourcing capabilities ensure that it is not reliant on agented deals, allowing for more flexibility and resilience in the market.

Asset-Based Finance

Market Activity

- Concerns over global trade tensions ignited a brief, but sharp pullback in ABF transactions.
- While the appetite for new issuance diminished, spreads moved wider by 25-30bps.
- As the market shrugged off tariff-related news, issuance ramped up and pricing returned to early Q1 levels. With investors mixing caution and confidence, we expect near-term spreads to flatten or tighten, barring some unanticipated shock to the market.
- New entrants in broadly syndicated deals continue to drive pricing below what we view as fair value along with weaker credit terms.

1H Investment Activity

- MIM closed 15 transactions totaling $2.1 billion at an average spread of +270 bps.
- Transactions had a weighted average life of 5 years, 6.96% coupon and average rating of MA3.
- The ABF market experienced temporary disruption from US tariff announcements, causing brief market volatility.
- New issue pipeline activity temporarily slowed, and spreads moved wider by 25-30bps before the market quickly resumed issuance activity with pricing fully retracing back to pre-tariff levels.
- MIM remained disciplined in approach, having passed on transactions that did not align with risk tolerance due to inadequate collateral quality or unfavorable credit characteristics.

Market Outlook

- Issuance expected to remain strong
- We have a healthy pipeline that we are engaged on and that enables MIM to remain selective for its clients.
- MIM's ABF focus is to maximize our small club and bilateral channels for origination to support better credit terms and valuation.
- In these channels, we are seeing unique opportunities to offer bespoke solutions which drive investment value for MIM client portfolios.

Infrastructure Debt Market Overview

Market Activity

- 1H 2025 market activity declined approximately 19% by volume versus 1H 2024, driven primarily by political uncertainty which caused market volatility.
- The decline came off a 5-year high in 2024 and volumes were about average for the total time frame.
- Drivers of reduced volumes included concerns over trade volumes due to U.S. tariff policies and uncertainty related to support for renewable projects in the U.S. due to potential impacts on tax policy.
- One positive development was an increase of approximately 6% in greenfield financings which was offset by a slowdown in M&A and refinancing activity.

1H Investment Activity

- MIM closed 40 transactions totaling $2.0 billion at an average spread of +189 bps.
- Transactions had a weighted average life of 11.5 years, 6.26% coupon and average rating of MBaa1.
- MIM continues to leverage its international footprint, with over 60% of investments outside the US.
- Activity was well diversified by project type with transportation leading followed by renewable transactions.
- Premiums over public bonds remain in the +70 to +80 bps range.

Market Outlook

- Issuance expected to remain above historical averages, driven by ongoing energy transition investments, digital infrastructure expansion (data centers, fiber), and government-backed projects.
- Volumes are expected to increase in 2H 2025 due in part to market adjustment to the “new normal” of political surprises potentially supported by any Fed action to lower rates.
- Capital demand will be driven by the continued growth of data centers and the need for generation and transmission investment to service new load demand.
- M&A activity will be driven in part by rates and fund managers’ desires to return capital to LPs who are growing impatient to see cash generated by realizations on private equity portfolios.

[1] As of June 30, 2025, subsidiaries of MetLife, Inc. that provide investment management services to MetLife's general account, separate accounts and/or unaffiliated/third party investors include Metropolitan Life Insurance Company, MetLife Investment Management, LLC, MetLife Investment Management Limited, MetLife Investments Limited, MetLife Investments Asia Limited, MetLife Latin America Asesorias e Inversiones Limitada, MetLife Investment Management Japan, Ltd., MIM I LLC, MetLife Investment Management Europe Limited and Affirmative Investment Management Partners Limited.

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MetLife Investment Management